



CUSTOMER SERVICE **April 17, 2020**

20-15

Premium reduction adjustments

This message is sent on behalf of Derrick March, Vice-President, Business Development, Canada Life.

The premium reduction adjustments below apply to non-refund dental, vision and healthcare benefits and will be retroactive to April 1, 2020 and appear on May bills as a COVID-19 premium adjustment.

- Dental: A 50% premium reduction adjustment will be applied.
- Vision: A 20% premium reduction adjustment will be applied.
- Healthcare:
 - With reimbursement prescription drug coverage: An 8% premium reduction adjustment will be applied.
 - With PayDirect Drugs: A 20% premium reduction adjustment applied to the Healthcare rate.

Administrative handling of premium reduction adjustments

There is nothing for you or your clients to do.

Premium reduction adjustments will be applied automatically and monthly in arrears as necessary going forward. In addition to the April premium adjustments mentioned above, May premium reduction adjustments will be completed on the June billing once we fully evaluate emerging experience over the coming weeks.

Additional information:

- Premium reduction adjustments will also apply to any non-refund client for which we have agreed to defer the renewal date.
- For clients who have amended or may amend their plan design, the premium reduction adjustment will still apply to the period prior to the amendment.
- If a client, for example, terminated their dental plan May 1, Canada Life will still issue the premium adjustment reduction retroactively for the April billing period.
- The premium reduction adjustment is intended to be a temporary measure that will be applied until further notice from Canada Life, and may be discontinued as emerging experience becomes clear. As noted, the premium reduction adjustment is not a rate change under the group policy.
- Issuing premium reduction adjustments, instead of rate reductions, is the fastest way for us to get clients immediate relief.
- We continue to work with the Federal Government to champion relief measures for Canadian businesses.
- GroupNet (both your, and your clients' views) will continue to show dental, vision and healthcare premiums without the adjusted premiums. In other words, the loss ratios for these benefits will look more favorable than the actual.

Groupline

News and updates for advisors
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Advisor commission

Your commission will be unaffected by these premium reduction adjustments.

We continue to pay commission based on the unreduced premiums with the intent of supporting you and your teams through these challenging times.

Communication plan

You are receiving this email in advance of your clients. The client communication will be emailed directly to clients from Canada Life on Tuesday, April 21, 2020.

You may also see this announcement in the media, as the media is focusing on positive news stories that support Canadian businesses.

Contact us

While we hope this financial relief will be well received by your clients, we are more hopeful that you, your clients and plan members are staying healthy during this challenging time.

Please don't hesitate to contact your Canada Life account executive, regional director or vice-president if you have any questions regarding the above. We're in this together.

Questions & Answers

What if my client wasn't caught in this billing cycle?

There will be several clients not caught before this billing cycle, so these policies will receive a double adjustment on the next bill.

Does this adjustment apply equally to clients who have had their renewal deferred?

Yes, these adjustments apply to all in-force clients with non-refund dental, vision and healthcare benefits.

How does this affect clients who have terminated or amended a plan?

If a benefit is in-force during the month of April, the adjustment will be applied. (i.e., If a client cancels dental in May, they will still get the April adjustment).

Why are the adjustment amounts equal for all plan designs (i.e.: A Dental plan that has routine only versus routine and major coverage)?

These adjustments were assessed in aggregate by benefit. Plans that are richer in design typically have higher premiums and with this approach, they get a bigger dollar adjustment accordingly.

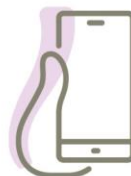
Will you recover any of the adjustment at a future point in time?

No, we will not recover this adjustment.

We will continue to monitor the situation and adjust our position monthly based on what's happening with these services and potentially other areas of the benefits plans until such a time as we are back to a regular business environment.

GroupLine

News and updates for advisors
and plan sponsors



Instead of this premium reduction adjustment, can a client cancel or adjust some of the benefits on their plan?

Yes, you and your clients always have the option of changing the coverage on a plan, such as reducing or removing a benefit to help control costs. This [GroupLine](#) outlines the options available to you and your clients.

How will this work for a self-accounting case?

Self-accounting cases will be handled after our head office billing cases. Our plan is to calculate the reduction, produce a pdf and send to plan sponsor by email. We are still investigating this solution for these clients and will advise as soon as we know this can be accomplished.

The information in this communication should not take the place of, or be a substitute for, medical advice or official guidance and/or direction issued by your public health authorities or local government. We encourage you to visit the World Health Organization website and your local government health authority websites for the most up-to-date and reliable information about the status of the coronavirus in your region.

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